

## Message Text

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E.O. 11652:GDS

TAGS: PFOR, OAS

SUBJECT: PHASE II OF OAS SPECIAL COMMITTEE - REPORT NO. 8

REF: STATE 195100

SUMMARY. SUBCOMMITTEE TWO RECONVENED SEPTEMBER 17.  
DISCUSSIONS TO DATE HAVE FOCUSED ON FIRST OF SIX AGENDA  
TOPICS, DEVELOPMENT COOPERATION. TWO BASIC POSITIONS  
HAVE BEEN SET OUT. THE FIRST, BY PERU, IS COMPREHENSIVE  
SCHEME DESIGNED, PRINCIPALLY, TO ASSURE EXTERNAL CONDITIONS  
OF INTERNATIONAL TRADE, PRIVATE INVESTMENT, DEVELOPMENT  
ASSISTANCE, ACCESS TO TECHNOLOGY, AND NATIONAL CONTROL  
OF DOMESTIC RESOURCES TO PERMIT "INTEGRAL DEVELOPMENT"

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IN DEVELOPING COUNTRIES OF THE HEMISPHERE. THE SECOND

POSITION, PRESENTED BY BRAZIL, SEEKS TO LIMIT SPHERE OF ACTION OF INTER-AMERICAN SYSTEM ONLY TO INTER-AMERICAN PROBLEMS. END SUMMARY.

1. PERUVIAN PROPOSAL RESTS ON CONCEPT OF INTEGRAL DEVELOPMENT WHICH EMBRACES ALL ASPECTS OF DEVELOPMENT PROCESS -- ECONOMIC, SOCIAL, CULTURAL, POLITICAL, TECHNOLOGICAL. ATTAINMENT OF INTEGRATED DEVELOPMENT REQUIRES DIFFICULT CHANGES IN INTERNAL STRUCTURES AND FAVORABLE EXTERNAL CONDITIONS. MOREOVER, INTEGRAL DEVELOPMENT REQUIRES RECOGNITION OF EXCLUSIVE SOVEREIGNTY OF NATION OVER ITS NATURAL RESOURCES AND CONTROL OF PRIVATE INVESTMENT.

COOPERATION FOR DEVELOPMENT IS A DUTY OF DEVELOPED COUNTRIES NOT ONLY TO AVOID ACTIONS THAT ADVERSELY AFFECT THE DEVELOPMENT PROCESS OF DEVELOPING COUNTRIES, (ECONOMIC AGGRESSION); BUT ALSO TO TAKE POSITIVE ACTIONS TO EXPAND TRADE, REGULATE FOREIGN INVESTMENT, PROVIDE DEVELOPMENT ASSISTANCE REGULARLY AND UNCONDITIONALLY AND, IN GENERAL, CREATE EXTERNAL CONDITIONS WHICH PERMIT DEVELOPING COUNTRIES TO PURSUE THEIR OWN DEVELOPMENT MODELS (PLURALITY OF IDEOLOGIES).

2. INTER-AMERICAN SYSTEM, IN PERU'S VIEW, MUST BE RESTRUCTURED TO PROVIDE A SYSTEM OF COLLECTIVE ECONOMIC SECURITY TO ACHIEVE THIS RESULT. THIS REQUIRES ELABORATION OF PRINCIPLES, NORMS AND STANDARDS OF CONDUCT TO GOVERN BEHAVIOR OF GOVERNMENTS AND SPECIFY THEIR OBLIGATIONS. SUCH NORMS AND STANDARDS MUST BE JURIDICALLY BINDING AND ENFORCEABLE AS INTERNATIONAL LAW. STRUCTURALLY THIS REQUIRES ESTABLISHMENT OF A PERMANENT COUNCIL FOR DEVELOPMENT WHICH WOULD HAVE RESPONSIBILITY FOR ESTABLISHING FAVORABLE SOCIO-ECONOMIC CONDITIONS FOR INTEGRAL AND SELF-SUSTAINED DEVELOPMENT OF THE COUNTRIES OF THE REGION. COUNCIL WOULD ALSO HAVE RESPONSIBILITY FOR COLLECTIVE ECONOMIC SECURITY, EITHER BY TRIGGERING ACTION UNDER RIO TREATY APPROPRIATELY AMENDED TO HANDLE CASES OF ECONOMIC AGGRESSION; OR IT WOULD HAVE POWER TO TAKE ACTION AND LIMITED OFFICIAL USE

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SEEK REDRESS INCLUDING COMPENSATION FOR ACTIONS WHICH, WHILE NOT CONSTITUTING ECONOMIC AGGRESSION, NEVERTHELESS ADVERSELY AFFECT INTEGRAL DEVELOPMENT. PERUVIAN PROPOSAL ALSO CALLS FOR DEVELOPMENT BOARD AS TECHNICAL ORGAN OF THE SYSTEM AND FOR A FINANCIAL ORGAN WHICH COULD BE THE IDB ADEQUATELY RESTRUCTURED TO THIS PURPOSE.

3. BRAZILIAN PROPOSAL REGARDS BASIC FUNCTION OF SYSTEM

AS THAT OF PROVIDING A FORUM IN WHICH WORKABLE SCHEMES OF COOPERATION CAN BE PREPARED, INFORMATION EXCHANGED, COORDINATION OF POSITIONS AND PROGRAMS ACHIEVED, AND AGREEMENTS ON SPECIFIC MATTERS NEGOTIATED. BRAZIL WOULD RESTRICT SCOPE OF SYSTEM TO SPECIFICALLY INTER-AMERICAN PROBLEMS, THEREBY EXCLUDING COMPETENCE TO DEAL WITH PROBLEMS WHICH ARE GLOBAL IN NATURE AS WELL AS WITH PROBLEMS WHICH ARE EXCLUSIVELY LATIN AMERICAN SUCH AS, FOR EXAMPLE, ECONOMIC INTEGRATION. PROPOSAL DOES NOT SET FORTH STRUCTURAL CHANGES. DOES HOWEVER SUGGEST MODIFICATION OF CHARTER TO ACHIEVE REDUCED SET OF PRINCIPLES AND NORMS AND PROVIDE GREATER OPERATING FLEXIBILITY TO CIES AND CIECC.

4. RATIONALE OF BRAZILIAN PROPOSAL IS THAT IT TAKES ACCOUNT OF EXISTING REALITIES. SEES LATIN FRUSTRATION AS ARISING FROM DISPROPORTION BETWEEN AMBITIOUS OBJECTIVES OF LATINS AND PENDULAR SWINGS OF U.S. INTEREST IN PROBLEMS OF THE HEMISPHERE. RECOGNIZES THAT OSCILATIONS OF U.S. POLICY IN THE HEMISPHERE REFLECT GLOBAL INTERESTS OF U.S. AND CHANGING U.S. PRIORITIES IN THE FACE OF THESE GLOBAL PROBLEMS. BRAZILIAN PRESENTATION DENIES EXISTENCE OF SPECIAL RELATIONSHIP WHEREBY LATIN COUNTRIES CAN EXPECT PREFERENTIAL TREATMENT FROM U.S. AND FOCUSES ON ACCURATELY DEFINING REAL POSSIBILITIES FOR COOPERATION. SEES NO POSSIBILITY OF COMPELLING U.S. TO MAINTAIN AN UNCHANGING POLICY BY ELABORATE PROVISIONS AND MECHANISMS ENSHRINED IN THE CHARTER.

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